

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01  
CIAE-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 XMB-02 OPIC-03 JUSE-00 AF-10 ARA-10  
NEA-11 STRE-00 /172 W  
-----009224 031724Z /43

P 031701Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9171  
INFO AMEMBASSY OTTAWA  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 GENEVA 06741

USMTN

ACTION STR PASS ELECTRONICALLY FOR BARREDA AND MCNAMARA

EO 11652: GDS  
TAGS: ETRD, GATT, MTN  
SUBJECT: CANADIAN BILATERAL ON JAPANESE LUMBER AND WOOD  
PRODUCTS

REF: STATE 107336

1. SUMMARY: US AND CANADIAN MTN DELS EXCHANGED VIEWS ON  
COORDINATING APPROACHES TO OBTAINING CONCESSIONS FROM  
JAPANESE ON LUMBER AND WOOD PRODUCTS. DELEGATIONS IDENTI-  
FIED ITEMS OF SPECIAL INTEREST AND DISCUSSED POSSIBILITY  
OF APPROACHING PRODUCT STANDARDS PROBLEMS IN JAPANESE AND  
CANADIAN MARKETS THROUGH TRILATERAL MEETING OF TECHNICAL  
EXPERTS IN GENEVA. BOTH DELEGATIONS AGREED TO EXPLORE  
FEASIBILITY OF THIS APPROACH WITH THEIR AUTHORITIES. END  
SUMMARY

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2. AS INSTRUCTED IN REFTTEL, US DEL (HAMERSCHLAG, ET AL)  
MET WITH CANADIAN MTN DEL (DENIS, ET AL) TO DISCUSS  
CANADA'S PLANS FOR SUBMITTING REQUESTS OF JAPAN FOR NTM  
AND TARIFF CONCESSIONS ON LUMBER AND WOOD PRODUCTS. DENIS  
OPENED BY COMMENTING THAT CANADIAN NEGOTIATIONS WITH JAPAN  
WERE IN "A SAD STATE OF AFFAIRS." CANADA TOOK THE POSITION

THAT THE JAPANESE OFFER DID NOT PROVIDE THE BASIS FOR CANADA TO ENTER INTO MEANINGFUL NEGOTIATIONS WITH JAPAN. US DEL RESPONDED THAT THE US ALSO VIEWED JAPAN'S MTN OFFERS AS UNACCEPTABLE, BUT WAS CONTINUING NEGOTIATIONS, BASING OUR ARGUMENTS FOR IMPROVEMENT ON THE STRAUSS/USHIBA COMMUNIQUE.

3. DENIS POINTED OUT THAT USHIBA HAD INFORMED JAKE WARREN THAT THE US AGREED WITH JAPAN'S NOTIFICATION OF WOOD AND WOOD PRODUCTS AS FALLING UNDER GROUP AGRICULTURE. US DEL CLARIFIED SITUATION BY INDICATING THAT THE US HAD ONLY AGREED THAT UNDER THE PROCEDURES ADOPTED BY GROUP AGRICULTURE, THE JAPANESE WERE ABLE TO NOTIFY PRACTICALLY ANYTHING THEY CHOSE AS AGRICULTURAL. HOWEVER, THE US HAS INFORMED THE JAPANESE THAT, WHILE THEIR NOTIFICATION OF WOOD AND WOOD PRODUCTS MAY FOLLOW AGREED PROCEDURES, SUCH ACTION WAS UNACCEPTABLE TO THE US. US DEL ADDED THAT US WOULD BE MAKING FORMULA OR GREATER-THAN-FORMULA REQUESTS ON THIS GROUP OF ITEMS AND WOULD PROBABLY TREAT NO-OFFER ITEMS IN THIS GROUP AS EXCEPTIONS TO THE TARIFF NEGOTIATIONS.

4. DENIS VOLUNTEERED THAT FOLLOWING ITEMS WERE INDICATED TO JAPANESE AS CANADA'S PRIORITY REQUESTS FOR JAPANESE CONCESSIONS ON LUMBER AND WOOD PRODUCTS. CANADA'S REQUESTS WERE BASED ON 1974 TARIFF AND STATISTICAL NUMBERS, AND US CONFIDENTIAL

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DEL HAS CONVERTED THEM TO CURRENT JAPANESE OFFER NUMBERS AS FOLLOWS:

TRIF NO.	STAT NO.	NTM
440503	310, 320	GRADING
44050501	ALL	GRADING
441303	300	
441305	590	STANDARDS
44150101	111, 119	STANDARDS
44150102A	191	STANDARDS
44150102B	192, 193, 194,	
	195	STANDARDS
441801	100	
442301	010	
442302	020, 090	
442802	290	
44140202	220	(SECONDARY INTEREST)
44140203	230	(SECONDARY INTEREST)

CANADIAN REQUESTS WERE FOR GREATER-THAN-FORMULA OFFERS, BUT DID NOT SPECIFY RATE REQUESTED.

5. DENIS ALSO INDICATED THAT MANY OF THESE ITEMS ALSO  
FACE NON-TARIFF BARRIERS WHICH SEVERELY RESTRICT ACCESS  
TO JAPANESE MARKET. HE CITED GRADING PROBLEMS ON LUMBER  
ITEMS AS WELL AS OTHER STANDARDS PROBLEMS ON SOME PLYWOOD  
ITEMS. US DEL ACKNOWLEDGED THAT STANDARDS PROBLEMS WERE  
ALSO A MAJOR BARRIER FOR US EXPORTS OF PLYWOOD AND THAT  
SIMILAR BARRIERS EXISTED IN CANADIAN MARKET AS WELL. US  
DEL THEN SUGGESTED USEFULNESS OF EXPLORING POSSIBILITY OF  
A TRILATERAL MEETING OF TECHNICAL EXPERTS TO TRY TO  
HARMONIZE STANDARDS FOR ALL THREE MARKETS. US DEL POINTED  
OUT THAT TARIFF REDUCTIONS ALONE WOULD NOT BE ENOUGH TO  
INCREASE US EXPORTS IN BOTH JAPANESE AND CANADIAN MARKETS  
UNLESS STANDARDS WERE BROUGHT MORE CLOSELY INTO LINE WITH  
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THOSE OF US. DENIS INDICATED THAT HE WOULD INFORM OTTAWA  
AND SEEMED FAVORABLE TO THE CONCEPT OF A TRILATERAL  
MEETING. HE POINTED TO DANGER OF INTRODUCING PROTRACTED  
TECHNICAL DISCUSSIONS WHICH MIGHT INTERFERE WITH TIMETABLE  
FOR NEGOTIATIONS, BUT AT SAME TIME, CONCEDED THAT THIS MAY

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-----009237 031724Z /H3

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FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9172  
INFO AMEMBASSY OTTAWA  
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C O N F I D E N T I A L SECTION 02 OF 02 GENEVA 06741

USMTN

ACTION STR PASS ELECTRONICALLY FOR BARREDA AND MCNAMARA

BE ONLY WAY TO TACKLE STANDARDS PROBLEM DURING COURSE OF MTN. HE BELIEVED THAT TARIFF CONCESSIONS MIGHT BE NEGOTIATED AND LINKED TO RESULTS OF STANDARDS NEGOTIATIONS.

6. AT CANADIANS' REQUEST, US DEL INDICATED LUMBER AND PLYWOOD ITEMS ON WHICH US WOULD BE SEEKING JAPANESE TARIFF CONCESSIONS. DENIS CONCLUDED THAT US AND CANADIAN REQUESTS TO JAPANESE APPEARED TO BE COMPLEMENTARY AND THAT A PRINCIPAL SUPPLIER WILL BE REQUESTING CONCESSIONS ON ITEMS OF INTEREST BY THE OTHER COUNTRY. BOTH DELEGATIONS AGREED TO QUERY AUTHORITIES ABOUT POSSIBILITIES OF TECHNICAL EXPERT DISCUSSIONS ON STANDARDS AND TO KEEP THE OTHER INFORMED ON THIS SUBJECT.

6. ACTION REQUESTED: US DEL WOULD APPRECIATE EARLY REPLY REGARDING IDEA OF TRILATERAL STANDARDS DISCUSSION IN VERY CONFIDENTIAL

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NEAR FUTURE IN GENEVA. WE BELIEVE THAT COMBINED US/ CANADIAN PRESSURE MAY BE ONE WAY TO MOVE JAPANESE FROM POSITION INDICATED IN REFTL OF UNWILLINGNESS TO NEGOTIATE AT THIS TIME ON SOFTWOOD PLYWOOD STANDARDS. AT THE SAME TIME, THIS MIGHT ACCELERATE NEGOTIATIONS ON CHANGES SOUGHT BY US ON CANADIAN PLYWOOD STANDARDS.

7. DRAFTED BY MOORE. MCDONALD

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## Message Attributes

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**Channel Indicators:** n/a  
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**Copy:** SINGLE  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Enclosure:** n/a  
**Executive Order:** GS  
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**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014